~~(S)~~ NATIONAL RECONNAISSANCE OFFICE
WASHINGTON, D.C.

17 AUG 1977

THE NRO STAFF

MEMORANDUM FOR DR. MARK

SUBJECT: Executive Order Implementing Presidential Directive NSC-17

On 5 August, President Carter issued Presidential Directive/ NSC-17, Subject: Reorganization of the Intelligence Community (TAB A). This Directive provided very specific guidelines for structuring the Intelligence Community and directing the Director of Central Intelligence and the Secretary of Defense to draft an Executive Order to implement the Presidential Directive.

Since publication of the Presidential Directive, a working group consisting of Deanne Siemer, OSD/General Counsel, and Admiral Murphy as DOD representatives, and Mr. John McMahon and General John Morrison representing the IC Staff, have been developing the Executive Order.

Suggest you stand until Feb 3 [redacted]

We have been tasked by OSD/General Counsel to provide comments on the OSD version (TAB B) by close of business Wednesday, 17 August. Apparently, there is general consensus between the IC Staff and DOD on all sections but Section 3 (d) which deals with the duties and responsibilities of the Director of Central Intelligence and Section 3 (e), National Intelligence Tasking Center (NITC). The difference in perception of the role of the DCI in the fiscal management of the National Foreign Intelligence Program is vividly underscored in reading the IC Staff proposed draft of the Executive Order (see tabbed items at TAB C). The perceptions of the role of the NITC are also quite different. The DOD draft is general, whereas the IC Staff-NITC would impinge upon functions currently performed by other activities, e.g., NSA.

The Staff has compared the IC Staff and DOD versions. The purpose of reviewing the IC Staff paper was to gain an appreciation for their position. Our comments on the right address the DOD paper and are addressed to Mr. Bob Andrews, OSD/General Counsel.

In that our comments identify basic management concerns, you may wish to discuss them with Mr. McGiffert during your meeting with him today. In the event you feel this is appropriate, I have included a summary of items of interest from the Executive Order for your use (TAB D).

It is our understanding that the working group is attempting to reach an accommodation by close of business Thursday, 18 August.

[redacted]
Brigadier General, USAF
Director

4 Attachments
1. TAB A
2. TAB B
3. TAB C
4. TAB D

One other point – these papers do not explicitly provide a replacement for the NRO charter.

ITEMS OF INTEREST
ON DRAFT EXECUTIVE ORDER ON
REORGANIZATION OF THE INTELLIGENCE COMMUNITY

Intelligence Community - The NRO is formally identified as part of the Intelligence Community. We are described as "Offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance program."

Intelligence Organizational Structure - The structure specified by the Presidential Directive establishes the following structure to direct and guide national intelligence activities:

a. National Security Council (NSC)

b. Policy Review Committee (PRC) - The PRC is a subcommittee of the NSC and is chaired by the DCI. The PRC sets requirements, establishes priorities, conducts semiannual reviews of product and performance.

c. Special Coordinating Committee (SCC) - Chaired by the Assistant to the President for National Security Affairs. This group develops policy recommendations on special activities (covert collection) and approves sensitive collection activities. Responsibilities of the Operations Advisory Group subsumed under the SCC.

d. Director of Central Intelligence (DCI) - Most significant new responsibility is to have full and exclusive authority for approval of the NFIB budget, however, departments or agencies that submit national program budgets may appeal directly to the President. The DCI also has full and exclusive authority for reprogramming funds. The DOD version of the Executive Order charges the DCI with establishing a vigorous program to downgrade and declassify national foreign intelligence information.

1. Fiscal Management - The NRO is concerned about the degree of involvement by the DCI/IC Staff in the day-to-day management of the program by restricting the release of the annual operating program. The GOLDEN RULE "He who controls the gold rules."

IC Staff approach in this draft is micro-management and usurps both the Secretary of Defense and the DNRO's management prerogative.

2. Security - There is a potential for confusion in the section concerning the DCI's responsibilities with respect to security. We have prepared a modification which underscores the DCI's direct security responsibility for the NRP.

e. National Intelligence Tasking Center (NITC) - The Presidential Directive and both versions of the Executive Order direct that representatives of programs in the NFIP be assigned to the NITC. Presently, personnel from the Operations Staff of the NRO serves as advisors to the various NFIB subcommittees to provide technical expertise on operational capabilities. Representing the NRO to the NITC to assist in obtaining maximum "customer satisfaction" by insuring the most efficient use of our systems, furnishing impact statements, and developing and recommending resource trade offs would be an excellent function for our Operations Staff. This could result in physical relocation of our Operations personnel.

f. National Foreign Intelligence Board (NFIB) - The NFIB is established as an advisory board to the DCI to include providing advice on the NFIP budget. It is interesting to note that the NRO does not appear as either a member or an observer of the NFIB. This may be for reasons of security because the DCI has indicated his desire for NRO participation in the NFIB forum.

g. The Secretary of Defense - The NRO continues to be under the line management of the DOD. The Secretary of Defense will direct, operate, and provide fiscal management for NSA, and for the national, defense and military intelligence entities as required. It is believed that the phrase "national....intelligence and reconnaissance entities..." describes the NRO. It is interesting to note that the Department manager's authority to hire and fire personnel as specified in the Presidential Directive is not included. The responsibilities of the NRO are included at the bottom of page 30 of the DOD version.

Oversight - The Executive Order continues the existence of a three-man Intelligence Oversight Board.

Executive Order 11905 - This order supercedes the E.O. 11905 issued under the Ford Administration.

NOTE: The most significant excerpts from both the DOD and IC Staff versions of the Executive Orders are attached.

~~SECRET~~

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, D.C.

REPLY TO ATTN OF: XO

15 AUG 1977

SUBJECT: CONSTANT LINK Demonstration (U) (Our Ltr, 7 Jun 77)

TO: AF/LG AF/IN AF/RD SAF/SS SAF/AL

1. (S) Demonstration of the CONSTANT LINK simulation, originally scheduled for 18-22 July, has been rescheduled for 13-14 September. Interested individuals may observe the system in operation and be briefed on the results of the simulation conducted 17-20 August.

2. (U) You and/or interested members of your staff are invited to attend. Special instructions included in referenced letter apply. Names of attendees should be sent to Major Widdifield, AF/XOOIS, 79282, who will schedule attendance dates.

[redacted]

WINFIELD W. SCOTT, JR. Maj Gen, USAF
Assistant Deputy Chief of Staff
Plans and Operations

[redacted]

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Classified by HQ USAF, DCS/P&O
EXEMPT FROM GENERAL
DECLASSIFICATION SCHEDULE
OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 2
DECLASSIFY ON 31 Dec 1997

~~SECRET~~

(S) NATIONAL RECONNAISSANCE OFFICE
WASHINGTON, D.C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE SENIOR ADVISER TO THE OSD GENERAL COUNSEL

SUBJECT: Executive Order Implementing Presidential Directive NSC-17

The NRO has reviewed the draft Executive Order and is primarily concerned with Section D, paragraph (iii). Our concern centers on the degree to which the DCI, or the IC Staff will monitor the implementation of the operating year's program. It would seem most proper for the DCI and his staff to be completely involved in the development and formulation of the NRP budget through submission of the President's budget and its subsequent justification to the Congress. However, once the Appropriation Bill has been signed and funds are released for implementing the operating year's program, the DNRO should be provided the resources commensurate with his full authority for managing the implementation of the "Approved Program." This would require that the DNRO have direct authority for budget execution, to include the release of annual funds to his program managers, in order to maintain the degree of flexibility required in the day-to-day management of the highly complex development, acquisition and operational tasks of the NRP.

The above approach appears to be consistent with both paragraph 6 of the Presidential Directive/NSC 17 which gives to department heads responsibility to implement day-to-day direction, and with paragraph 3(f)(v) which stipulates the Secretary of Defense shall "direct, operate and provide fiscal management for the NSA, and national, defense and military intelligence and reconnaissance entities as required." An assumption is that the word "national" in the previous sentence includes the NRP.

If, as suggested in some correspondence, the DCI, or in reality the IC Staff, is directly involved in a piece-meal release of annual operating funds, then there would be the ever-present problem of interfering with the DNRO's management prerogatives. The current procedure whereby there is a single, annual release of all NRP funds should be continued with the allocation of these funds determined by the DNRO consistent with his plans for implementing the approved program.

I appreciate the opportunity to comment. If you would like to discuss these concerns, please don't hesitate to call.

Hans Mark

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OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE SENIOR ADVISER TO THE OSD GENERAL COUNSEL

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The NRO has reviewed the draft Executive Order and offers these comments.

a. Section D, paragraph (xiii)A. Recommend this paragraph be altered by changing to read: "Protection by lawful means against disclosure by present or former employees of Federal departments and agencies, or persons, or employees of persons or organizations, presently or formerly under contract with them."

Rationale: This paragraph provides a responsibility for the DCI only within CIA. Paragraph (xiv) requires the DCI to establish common security standards for national foreign intelligence activities. But somewhere in between these two lies specified and agreed to responsibilities for direct responsibility for security policy for the NRP. The recommended change is intended to incorporate provisions for DCI responsibility for programs like the NRP.

b. Section D, paragraph (xiv). Recommend the phrase at the end of this paragraph "in accordance with relevant Executive Orders" be deleted.

Rationale: The DCI's establishment of common security standards for intelligence activities is not specified by Executive Orders but by DCIDs. It is not accurate as written.

c. Section D, paragraph (iii)G. This paragraph states that "the Director of Central Intelligence may monitor National Foreign Intelligence Program implementation and carry out program audits and evaluation."

Comment: Although this phraseology is taken from the Presidential directive, we are concerned with the degree to which the DCI, or the IC Staff, will monitor the implementation of the operating year's program. It would seem most proper for the DCI and his staff to be completely involved in the development and formulation of the NRP budget through submission of the President's budget and its subsequent justification to the Congress.

However, once the Appropriation Bill has been signed and funds are released for implementing the operating year's program, the DNRO should be provided the resources commensurate with his full authority for managing the implementation of the "Approved Program." This would require that the DNRO have direct authority for budget execution, to include the release of annual funds to his program managers, in order to maintain the degree of flexibility required in the day-to-day management of the highly complex development, acquisition and operational tasks of the NRP.

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